



**STATEWIDE ADVANTAGE FOR MISSOURI -  
HUMAN RESOURCES/PAYROLL (SAM II-HR) SYSTEM**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2004-19  
March 9, 2004  
[www.auditor.mo.gov](http://www.auditor.mo.gov)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2004

**The following problems were discovered as a result of an audit conducted by our office of the Statewide Advantage for Missouri - Human Resources/Payroll (SAM II-HR) System.**

The SAM II-HR system was fully implemented by the State of Missouri on April 1, 2001. We requested agencies to provide written documentation of their policies or procedures for segregation of duties between personnel and payroll functions. Only four of thirty-four agencies provided written documentation which demonstrated adequately segregated personnel and payroll functions or allowed for other compensating management controls when the segregation of duties was not possible. Fifteen agencies indicated they had implemented procedures to segregate duties but did not have a written policy. Additionally, state agencies are responsible for preparing internal control plans and submitting the plans to the Office of Administration (OA). These plans document an agency's internal control policies and procedures. We reviewed these internal control plans and noted that nineteen of thirty-four agencies had not submitted a plan as of June 2003. Most of the plans that were submitted did not provide for an adequate segregation of personnel/payroll duties.

In converting to the new SAM II-HR system, the state decided to implement a semi-monthly payroll cycle. Because the system calculates pay on the 15<sup>th</sup> and last day of the month, each pay period covers varying numbers of actual hours. However, to issue pay checks for salaried employees that do not vary in amount, the system assigns a standard number of work hours (86.7) to each pay period. The discrepancy between the 86.7 standard hours and the actual hours in the pay period incurs additional costs in administrative time to process the payroll. This added time and cost could be avoided if the state adopted a bi-weekly pay cycle rather than the current semi-monthly cycle.

The OA has four non-appropriated bank accounts outside the state treasury to facilitate processing payments to outside entities for various payroll deductions. Open items lists were not prepared and reviewed by supervisors. As a result, three accounts held funds that should have been disbursed to other entities in a more timely manner, including \$108,000 in the Earnings Tax account for processing fees withheld from payroll taxes collected on behalf of local (city) taxing authorities as well as interest earned on the bank balances between 1999 and 2002. Additionally, the Deferred Compensation account included approximately \$20,000 of interest earned between 1999 and 2002 that should have been disbursed in a more timely manner. These monies were due to the state's General Revenue Fund.

Our report also includes the results of surveys sent to user agencies regarding the efficiency and effectiveness of the SAM II-HR at the agency level.

**All reports are available on our website: [www.auditor.mo.gov](http://www.auditor.mo.gov)**

YELLOW SHEET

STATEWIDE ADVANTAGE FOR MISSOURI -  
HUMAN RESOURCES/PAYROLL (SAM II-HR) SYSTEM

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3

MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS

<u>Number</u>	<u>Description</u>	
1.	Segregation of Personnel and Payroll Duties .....	5
2.	Payroll Cycle Processing.....	6
3.	Payroll Report Retention, Data Reviews, and System Edits.....	7
4.	Non-Appropriated Bank Accounts.....	9
5.	Summary of Agency Surveys.....	10

APPENDIX

Comparative Schedule of Taxable Wages by Department .....	27
---	----

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Jacquelyn D. White, Commissioner  
Office of Administration  
Jefferson City, MO 65102

We have audited the SAM II-HR system which was fully implemented by the State of Missouri on April 1, 2001. The scope of this audit included, but was not necessarily limited to, the year ended December 31, 2002. The objectives of this audit were to:

1. Review certain internal and system controls to determine the propriety, efficiency, and effectiveness of those controls.
2. Review compliance with certain legal provisions.
3. Review certain management practices.
4. Survey applicable state departments to determine if they have any concerns with the SAM II-HR system and if it is adequately meeting their needs.

Our methodology to accomplish these objectives included reviewing applicable state and federal laws, written policies, financial records, and other pertinent documents and interviewing various personnel of the Office of Administration.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Appendix is presented for informational purposes. This information was obtained from the state's management and was not subjected to the procedures applied in the audit of the SAM II-HR system.

The accompanying Management Advisory Report presents our findings arising from our audit of the SAM II-HR system.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

August 22, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randy Doerhoff, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Frank Verslues
	John Long

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

STATEWIDE ADVANTAGE FOR MISSOURI - HUMAN  
RESOURCES/PAYROLL (SAM II-HR) SYSTEM  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1. Segregation of Personnel and Payroll Duties</b>
---

We requested agencies to provide written documentation of their policies or procedures for segregation of duties between personnel and payroll functions. Only four of thirty-seven agencies (11 percent) provided written documentation which demonstrated adequately segregated personnel and payroll functions or allowed for other compensating management controls when the segregation of duties was not possible. Fifteen agencies (41 percent) indicated they had implemented procedures to segregate duties but did not have a written policy. We did not evaluate those agencies' procedures. As noted below, the segregation of duties for payroll depends on how agencies assign access rights to the SAM II-HR system and any manual control procedures at the agency level.

The SAM II-HR system data access controls require state agencies to assign system responsibilities to agency personnel and notify the Office of Administration (OA) of the duties assigned. OA establishes access rights for each employee as specified by the agency. The system has one level of input/update capability and, depending on the functional area and the Merit status of the state agency, three to five levels of agency approval within each personnel or payroll functional area. In Merit System agencies, OA-Division of Personnel retains the fourth and fifth approval levels for personnel transactions in certain functional areas. However, an employee with any level of approval will automatically supply or override all lower level approvals and also automatically has input/update capabilities in the system. As a result, employees with high levels of approval in multiple areas have a broad degree of authority and independence in the SAM II-HR system. The manner in which state agencies assign access and approval rights in SAM II-HR becomes a key factor in the segregation of personnel/payroll duties.

State agencies are responsible for preparing internal control plans and submitting the plans to OA. These plans document an agency's internal control policies and procedures. Adequate internal controls help to ensure that agencies comply with rules, regulations, and management objectives; safeguard state assets; and provide valid and accurate financial data. We reviewed these internal control plans and noted that nineteen of thirty-four agencies (44 percent) had not submitted a plan as of June 2003. Most of the plans that were submitted did not provide for an adequate segregation of personnel/payroll duties. Some plans did not include the payroll processing business cycle. At the time of our review, OA had not yet reviewed the agency internal control plans to determine if agencies had established adequate systems of controls for processing personnel and payroll data.



Due to the configuration chosen by the state for SAM II-HR system access controls, an agency would only be able to establish segregation of duties within SAM II-HR by: 1) assigning personnel and payroll functional areas to different employees or 2) restricting top approval levels for critical transactions to high-level management employees. However, these high-level management employees would still have complete access to process and approve all functions they have access to within SAM II-HR. Agencies who are not able to establish adequate segregation of duties using the access rights in SAM II-HR would have to implement segregation of duties outside the system, or establish management reviews or other controls.

**WE RECOMMEND** the Office of Administration require adequate internal control plans from state agencies which document policies and procedures to ensure an adequate segregation of personnel and payroll duties. In addition, OA should modify the SAM II-HR system access rights to allow for a more effective segregation of duties within the system and work with state agencies to educate and assist them in establishing any controls available within the system.

### **AUDITEE'S RESPONSE**

*As noted in the audit, a majority of agencies have submitted internal control plans. The OA has now received internal control plans from 88% (30 of 34) of the state agencies. Of the plans received, 77% (23 of 30) include elements of payroll and personnel controls. We will ask the state agencies who have not done so to document personnel and payroll duties in their internal control plans to ensure an adequate segregation of duties.*

*To our knowledge, no state agencies have established SAM II HR system access rights that exceed appropriate authority nor have issues with the segregation of payroll and personnel duties. The OA's research to date of the system configuration and functionality has not identified anything that indicates SAM II HR system access rights need to be modified.*

<b>2.</b>	<b>Payroll Cycle Processing</b>
-----------	---------------------------------

In converting to the new SAM II-HR system, the state decided to implement a semi-monthly payroll cycle. The system was configured by the state to process pay periods that end on the 15<sup>th</sup> and last day of the month. The Fair Labor Standards Act and state compensatory (overtime) policies generally follow a 40 hour work week that ends on a specific day of the week or a certain number of hours in a 28 day period. These date parameters consistently prevent the ending dates of pay periods and FLSA/state compensatory time counting periods from coinciding. The date discrepancy also causes certain pay items to be held in suspense for one or more pay periods until a FLSA counting period ends and the value of overtime worked can be converted into overtime pay or banked in the employee's compensatory time records.

Because the system calculates pay on the 15<sup>th</sup> and last days of the month, each pay period covers varying numbers of actual hours. However, to issue pay checks for salaried

employees that do not vary in amount, the system assigns a standard number of work hours (86.7 hours) to each pay period which is based on 52 weeks of 40 hours each (2080 hours) divided by 24 pay periods. The discrepancy between the 86.7 standard hours and the actual hours in the pay period causes problems when calculating pay and leave for a salaried employee who has not been in pay status for the entire pay period. This discrepancy also complicates calculations for FLSA and state compensatory time. The state incurs additional costs in administrative time to process the pay items affected by the standard versus actual hour discrepancy.

This added time and cost could be avoided if the state adopted a bi-weekly pay cycle rather than the current semi-monthly cycle. The bi-weekly pay cycle would produce paychecks on a regular schedule of 80 hours, pay could be processed for actual hours worked rather than standard hours, and the FLSA and state compensation period ending dates would coincide with pay period ending dates.

**WE RECOMMEND** the Office of Administration convert the state to a bi-weekly payroll.

### **AUDITEE'S RESPONSE**

*The OA recommended and received approval from the Governor's Cabinet in August 2002 to proceed with plans for converting to bi-weekly payroll. Changing to bi-weekly payroll will require statutory changes, revisions to the Personnel Advisory Board rules and regulations, and reconfiguring SAM II HR system tables and processing schedules. The OA plans to convert to bi-weekly payroll when upgrading the SAM II HR system. The system upgrade will require additional appropriation from the legislature. Converting to bi-weekly pay in conjunction with the system upgrade is the most prudent and cost-effective approach.*

### **3. Payroll Report Retention, Data Reviews, and System Edits**

- A. The OA retains microfiche copies of various payroll reports and registers for regular pay cycles in accordance with needs for federal documentation; however, OA does not retain the same documents for supplemental payroll cycles. In addition, various reports are not archived for future reference but are deleted from the system after a few pay cycles.
- B. Some of the data reviews performed by the OA payroll staff were not efficient. The staff perform manual reviews of some large reports instead of extracting data from the system using an electronic sort or analysis to identify items of interest. Some electronic reports are so large that the staff have to manually eliminate data from the report to allow for efficient analysis of the desired data.
- C. The system does not perform edits for employees who are receiving deferred compensation fringe benefit contributions but are ineligible due to inadequate employee contributions during the pay period. We noted the system processed

4,673 deferred compensation contributions, totaling nearly \$60,000, for employees who had not made an appropriate personal contribution during the eighteen months ending June, 30, 2003. One employee received the state fringe benefit contribution during the entire 18 months but made no personal contributions.

- D. Although the system performs a basic edit on annual leave payout maximum, there are data entry scenarios that the system will not identify which could result in employees receiving annual leave payouts which exceed statutory maximums. We noted that twelve employees received annual leave payouts during calendar year 2002 which exceeded statutory maximums by 371 hours, combined. These excessive payouts cost the state about \$8,600.

**WE RECOMMEND** the Office of Administration:

- A. Revise report retention and data archiving policies to ensure full documentation of pay cycle processing.
  - B. Identify OA standard reporting needs and develop more efficient and effective methods for extracting data from the SAM II-HR system reports and data warehouse.
- C&D. Consider system edits or review procedures for identifying inappropriate deferred compensation fringe benefit contributions and annual leave payouts.

**AUDITEE'S RESPONSE**

- A. *The OA, Division of Accounting is now retaining appropriate reports for the supplemental payroll cycles. Data included in archived reports is available in the data warehouse.*
  - B. *The OA, Division of Accounting payroll staff is working towards more efficient and effective methods for extracting data for payroll analysis. The OA has been working with a subcommittee of the State Human Resources Management Council since August 2003 on other HR reporting and data analysis needs.*
- C&D. *We concur.*

**4.****Non-Appropriated Bank Accounts**

The OA has four non-appropriated bank accounts outside the state treasury to facilitate processing payments to outside entities for various payroll deductions. We noted weaknesses in the monitoring and maintenance of those accounts.

A. Open items lists (lists of monies collected but not yet paid out) were not prepared and reviewed by supervisors. As a result, excessive and unnecessary account balances were maintained and three accounts held funds that should have been disbursed to other entities in a more timely manner.

- As of December 31, 2002, the balance of the Earnings Tax account included about \$108,000 that should have been disbursed in a more timely manner. The \$108,000 included processing fees which were withheld from payroll taxes collected on behalf of local (city) taxing authorities as well as interest earned on the bank balances between 1999 and 2002. The OA accountant prepared six disbursement checks totaling approximately \$28,000 between January 31, 2001 and July 30, 2001 to remit a portion of the withholdings and interest to the Missouri Director of Revenue. However, the OA failed to prepare the appropriate revenue document in SAM II financial or remit the checks to DOR for deposit into the state treasury. These monies were due to the state's General Revenue Fund.
- As of December 31, 2002, the balance of the Deferred Compensation account included approximately \$20,000 of interest earned between 1999 and 2002 that should have been disbursed in a more timely manner. These monies were also due to the General Revenue Fund.
- As of November 30, 2002, the balance of the Savings Bond account included three outstanding checks written between March 2000 and October 2001 totaling \$100 which should have been remitted to the Missouri State Treasurer for deposit in the Abandoned Fund.
- Unidentified balances (cash balances not identified as being owed to any specific entity) are maintained in three accounts. The unidentified balances in the Deferred Compensation account, the Savings Bond account, and the Cafeteria Plan account were approximately \$1,000 at December 31, 2002, \$5,466 at November 30, 2002, and \$140 at May 31, 2003, respectively.

Account balances should be monitored on a regular basis to ensure amounts due to other entities are remitted in a timely manner and to ensure that excessive or unidentified account balances are not maintained.

- B. The OA accountants reduced check register entries to zero or altered original entries on check stubs as checks were voided. As a result, the historical balances of the check registers were modified and no longer agreed to the bank reconciliations. The audit trail and ability to verify reconciliation procedures for these accounts was lost. Check register entries should not be modified after they are created to maintain an appropriate audit trail of account activity.

**WE RECOMMEND** the Office of Administration:

- A. Prepare monthly open items lists for all non-appropriated bank accounts and review the account balances to ensure that amounts due to other entities are remitted in a timely manner and that excessive or unnecessary account balances are not maintained.
- B. Eliminate the practice of modifying original check register entries for disbursement items as the disbursements are voided.

**AUDITEE'S RESPONSE**

*The OA , Division of Accounting has implemented these recommendations.*

<b>5. Summary of Agency Surveys</b>
-------------------------------------

As part of our audit, we distributed a survey to a representative of each of the 30 state agencies who participate in the Missouri Financial Management Advisory Committee which serves as an advisory committee to the Office of Administration and state agency administrators for the creation of policy related to a broad range of financial issues and the processing of financial transactions. We also requested the agency to forward a copy of the survey to other agency personnel that handled SAM II-HR processing. The purpose of our survey was to obtain information regarding policies established by agencies for internal controls as well as the efficiency and effectiveness of the SAM II-HR system at the agency level.

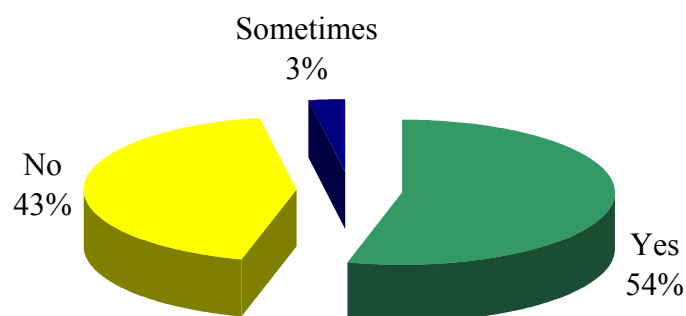
We received a response from all 30 agencies and each division within the Department of Public Safety responded, for a total of 37 responses. The surveys were completed by a wide range of users. For example, some surveys were completed by department executives detailing the experiences of the entire department, while other surveys were completed by agency personnel indicating views of their staff. The broad scope of survey responses provided us with an extensive review of all facets of the SAM II-HR system. The survey responses provided user perspectives as to the success of the SAM II-HR system, as well as problems the users are encountering.

We did not review the validity nor the significance of the responses and comments provided by the agencies in the surveys. The survey responses reflect the agencies' experience and knowledge of SAM II-HR. The responses provided by the agencies do

not represent the overall capabilities of the SAM II-HR system or the efficiency and effectiveness of the system taken as a whole. Although some of the agency concerns may direct attention to a system-wide issue, other concerns may be limited to an agency specific issue.

The following is a summary discussion of specific questions included in the survey and some positive and critical comments received regarding the SAM II-HR system.

**A. Is access to historical SAM II-HR data adequate to meet your agency's needs?**



Twenty agency users (54 percent) indicated access to SAM II-HR historical data was adequate to meet their needs and three of the respondents provided these additional comments:

- We have not had to look at any historical data yet. However, data that is needed on an ongoing basis is adequately organized and available.
- Our office has not had need to access historical data because we keep hard copies of records and don't need to access SAM II-HR historical data. However, we are able to access the day to day employee information we need with no problem.
- The information is probably adequate and available but very difficult and time consuming and confusing and not readily available to obtain from data warehouse or other sources. Staffs that have a good understanding of ACCESS can develop specialized reports using the back-end of the data warehouse, but most of the financial staff in the program units does not have the skills or training in ACCESS so that obtaining this information is difficult for them.

Seventeen agency users (46 percent) indicated access to SAM II-HR historical data was not always adequate to meet their needs and provided additional comments as shown below:

- SAM II-HR data warehouse is not user friendly.
- Our staff have had to write other reports that has required time and reduced efficiency. The “snapshot” nature of the data warehouse makes it difficult to get the same answer twice or to review historical data with much degree of dependability. Unless the person is working on report writing all the time, which we do not have staff to do this, it is difficult to have staff that stay up to date on report writing sufficient to provide good management reports. Due to budget cuts and reduced staffing, it is difficult to provide quick responses to surveys, reports, management data, etc.
- Data is not easily retrievable outside of a standard report.
- There is lots of data in the data warehouse, but sometimes it is challenging to access.
- Data warehouse information is difficult and time consuming to access.
- Gaining access to useful historical information is difficult and time consuming.
- The prior payroll system provided better information on year-to-date payroll by employee. We are not able to find the number of employees per pay period. We may not be able to find this data due to unfamiliarity with SAM II HR reports.
- We need data showing taxes withheld per pay period for uniform allowance paid each commissioned officer.
- Access to data is not always sufficient. Report systems are not sufficient, SAMII and MOBIUS reports have not been very helpful.
- We need more standard reports to summarize aggregate data.
- The state should provide more standardized reports for agencies to use. We have developed many reports for our own internal use. Several of these reports are used to review/track payroll and personnel transactions. Other reports provide useful HR information in summary format for our users. During implementation of SAM II HR, we participated, along with other state agencies, in a HR report “gap analysis”. This process identified the reports our agency needs and this information was then used to help

determine what standard reports that were to be provided by the state. Many of our needs were not met, and we used the results of our “gap analysis” to develop our own reports. We have presented information to the following groups: Statewide Human Resource Management Council (SHRMC), Information Technology Advisory Board (ITAB), and the Data Warehouse Users Group. We then provided documentation and reports language to all agencies that expressed an interest.

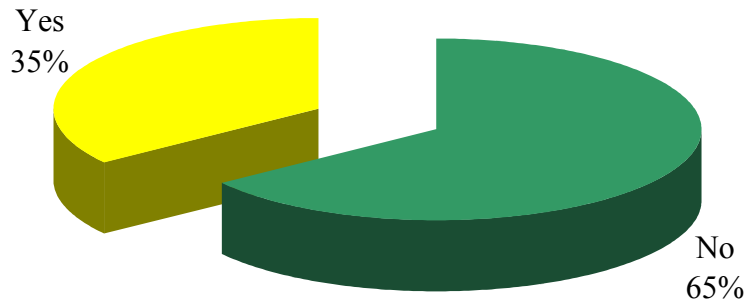
- We have lost some SAM II on-line data (paycheck and other detail information due to cost issues associated with keeping this information in SAM II for longer periods of time.)
- SAM II doesn't always go back far enough for historical requests that are made.
- We would like to be able to view information of former employees who have now gone to work for another state agency. We do not need the ability to make changes, but the ability to view past information would be helpful.
- When the system goes down to process payroll, there is no access to on-line data. Our old payroll system allowed continuous use even during payroll processing. These downtimes are both inconvenient and time-consuming as users are required to research hard-copy files or generate information from the data mart to obtain necessary employee information.
- We are always in need of basic historical data on all types of employment actions for staff. Archiving of payroll data limits the accessibility of looking up pay, deduction and history information.
- Employee data transfers when the employee transfers to another agency. The data applicable to the former agency should be available to that agency.
- It is very difficult to trace fringe benefit amounts when making an accounting adjustment (PACC modification) to change the fund an employee was paid out of if the change is for a portion of the payout instead of the entire payout.
- There is a lack of thorough, user-friendly audit trail in SAM II providing clear documentation as to what users made changes to the system. Inability to readily determine what changes on employee maintenance transactions have occurred (i.e., must compare fields on employee maintenance suspense transactions with current employee maintenance fields) leads to greater opportunity for errors in transactions and also



makes it more difficult to build appropriate interfaces to feed changes in employee information to other systems.

- Leave and other data should be sorted by the date of the leave or personnel action. Erroneous information is not removed when corrected.
- Enhancements would include, an improved employee service history view in the QEHS screen. The employee service history available on SAM II HR is not easy to read/review.
- The inability to see actual salary rates and job titles directly on employee maintenance screens creates opportunity for errors in processing and requires additional staff time to verify accuracy of data. Also, hard-prints of the windows are useless as an audit trail because the reader must know the codes to understand what transaction took place.
- The data may be sufficient, but we have our own internal system for historical information. We heard of issues other agencies were having accessing information and chose to continue to rely on our own system already in place.
- We download payroll information from the SAM II data warehouse to our data warehouse and have access to historical information from our own resources.
- The inability to generate reports directly from SAM II creates potential for inaccurate reporting and requires additional expense to develop and maintain a separate data mart.

**B. Are there routine calculations or data entry items that your agency is required to provide to the SAM II-HR system which could or should be automated?**



As indicated in the preceding chart, thirteen agencies (35 percent) make manual calculations for various items that they believe could be automated within SAM II-HR. The following summarizes comments from agencies.

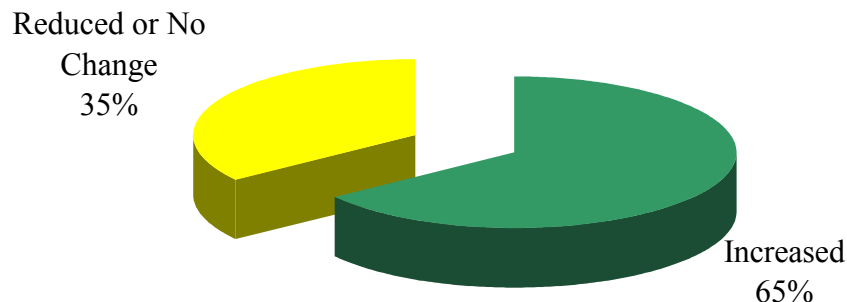
- Time data collection could be automated.
- Automate leave adjustments (facilitated by an automated comparison between the SAM II-HR balances and the agency balances. Adjustments would be calculated and interfaced back into SAM II-HR by the agency's external software.)
- Merging of time and leave entries into the system could be automated.
- We could interface time and leave transactions instead of manually entering each pay period.
- The employer benefit contribution does not stop automatically when an employee does not receive a payroll check. The agency has to manually stop the deductions. Agencies are required to notify OA of employer fringe benefit overpayments. Overpayments of employer fringe benefits could be reduced significantly if the system could be programmed to stop the employer fringe from being paid when the employee does not receive a payroll check. This process is performed approximately once per month in our agency.
- The system simply does not do simple edits like not paying fringe on people not receiving pay, you have to expire all deductions/fringe for those on leave without pay and then re-enter them all upon return.

- Enrollments and terminations for fringe benefits that apply to all employees in the agency should be automated to eliminate the numerous individual entries.
- When a person resigns or retires from the State, stop certain deductions.
- The system cannot track total service. The agency has to recalculate and edit dates in the system for breaks in service or leaves of absence so that deferred compensation match and increased leave accrual rates are not given before the employee should be eligible. So many things like these rely entirely on the payroll people to know they need to do these things and do them. Nothing would ever catch it if they don't.
- Automated tenure calculations would save approximately 40 hours per month.
- SAM II-HR should calculate leave progression.
- Some leave accruals and holiday time issues must be calculated manually. These do not occur frequently.
- SAM II-HR should ensure the employees on leave without pay do not get paid for holidays.
- Prorate pay when the employee is not in pay status during the entire pay period.
- As a non-table driven agency, any pay raises given by the Legislature must be hand entered for each employee. This could be set up to be automated.
- We would like to see automation of within grade salary increases.
- Address changes could be automated (by allowing employees to change their own address through a web based application).
- It would be helpful to be able to go to a single screen to find the hourly rate of pay for exception paid employees. Currently, you have to go to a screen to get a semi-monthly pay rate, multiply by 24, then divide by 2080 to get an hourly rate. Many transactions in the system (such as leave payoffs) are tied to an hourly rate, but there is not a screen that tells this rate without having to go through the calculations listed above.
- It would be helpful to have a screen with current labor distribution for the employee. Each employee is set-up with a labor profile on the system, but there are a number of ways that this profile is "overridden" and you can't

go to a specific screen and see where the employee was actually paid from.

- In order to more efficiently process payroll, an error message indicating that more flex hours were used than were worked during the employee's workweek would be very useful.
- If the system allowed more schedule variations, data entry time could be reduced. Alternative schedules, such as rotating weekends off, varying hours per day, or other scenarios that meet our business needs would be a definite enhancement.

**C. Has SAM II-HR reduced or increased time or staff required to process payroll or personnel transactions?**



Thirteen agencies (35 percent) indicated processing time has reduced, remained stable, or the effect on processing time is not known. The following summarizes comments from some agencies.

- The time reporting requirements for our department have not changed with the implementation of SAM-II HR. Overall, the time taken to process payroll and personnel transactions has not changed significantly.
- The effort has remained about the same overall. This may be because we continue to use the in-house time reporting system.

- I have always used SAM II-HR since I started this position.
- The effect on processing time is hard to say. Our Department has decentralized timekeeping and this makes it difficult to compare with before. Present HR staff have more SAM II-HR experience so we aren't able to accurately compare to "life before SAM II-HR." There may be more position control work for our agency in SAM II-HR. In our pre SAM II-HR systems much of this work was done by the Division of Personnel. Work is different now, not necessarily reduced or increased. It is also difficult to gauge work due to the difficulty of comparing work on a monthly payroll versus a semi-monthly payroll.
- The new system cut down on paper work.
- Opinions vary.
- The number of HR staff required has been reduced by ½ FTE. The Payroll department does not have to work overtime constantly to generate payroll as was required in the previous system.

Twenty-four agencies (65 percent) indicated processing time has increased. The following summarizes comments from the agencies.

- The time required to process payroll or personnel transactions is usually double the entry time as to when we had the PARS system.
- The SAM II-HR system has increased the time it takes to process payroll and personnel transactions.
- Prior to SAM II, one person took care of payroll and personnel transactions, and one other person tracked time and leave. Under SAM II, we have a total of four employees that work on SAM II. SAM II requires much more time to process payroll and personnel transactions.
- SAM II-HR is more labor intensive and time consuming for some processes.
- Extra staff had to be assigned to the HR offices to ensure that forms are processed timely.
- Twice a month pay has definitely increased the amount of time spent on payroll.
- Timekeeping has to be entered twice a month versus once a month when we had our in-house system.

- Twice a month payroll requires twice as much time to process and twice as much postage to mail.
- Processing time has increased due to the fact that we are processing time records twice monthly rather than once monthly.
- We are now processing two full pay periods per month.
- Processing payroll twice a month has added about 30% to the time required.
- SAM II HR has increased staff required to process payroll because we are performing functions that we used to do once a month, twice a month.
- Twice a month pay doubles the payroll processing.
- The twice a month data entry has increased time needed to process payroll.
- Time required for data entry has increased since time sheets are now submitted every two weeks.
- We are now required to enter individual leave transactions on SAM II-HR.
- The prior system did not require time and leave data entry.
- The reporting of leave time has definitely increased the amount of time spent on payroll.
- We hired an employee to maintain and submit information into SAM II-HR for time reporting.
- Entering the time for employees is more time-consuming than the previous system used.
- Processing time to enter time and leave transactions has increased especially for agencies that do not use an automated interface to import time and leave data into SAM II-HR.
- The additional labor hours across the organization in entering time and processing payroll transactions may exceed the savings in payroll and HR.
- Time and leave entering caused a need for additional staff only because of the short time frames established to meet deadlines.

- Entering leave data into the system is time consuming.
- Entries require multiple screens.
- Part of the problem is that the old system allowed all entries for employees' reductions and deductions be entered on one page – SAM II requires this to be done on separate computer screens for each and every transaction.
- The input time has been increased in a 24/7 operation due to the increased number of multiple screens needed to make appointments and keep updated with benefit information, training data, etc.
- SAM II-HR uses more screens.
- The SAM II-HR system is much more cumbersome than the pay system I used in private industry. There are several screens that could be consolidated. An example would be when hiring a new employee. There are about 9 or 10 different screens to input information into.
- Many transactions require access to multiple screens and moving between screens requires additional time. Displaying code names with the code numbers would reduce the time taken to verify that the code number is correct.
- The number of screens that must be accessed has increased with the new system.
- The code-driven nature of the system is not user-friendly. It is difficult to find information in the system because you have to know the names and codes of the windows. When the appropriate window is found, the user still has to use a code-find feature to find out what the codes on the windows mean. This is both frustrating and time-consuming for the user.
- It seems some tables could be condensed.
- The effective dating is very tricky and requires a lot of thought processes to get it right.
- Entering benefit deductions (i.e. health insurance, life insurance) is more detail oriented and time consuming. For example, any additional employer fringe benefit owed must be entered by the agency whereas that was not required with the previous payroll system.

- Manual entries at open enrollment for Cafeteria Plan and the high maintenance of keeping records correct with the effective dating issues that occur require additional time.
- The SAM II-HR system is more cumbersome. About one hour was needed to process a new employee in the old system but the new system requires several hours to process new employees.
- Staff time to enter employee personnel transactions has increased. Although we cannot quantify labor hours, users report the SAM-II HR system is much more cumbersome and difficult to use than our previous system.
- Processing and approval process for employee data maintenance takes longer than pre-SAM II. Staff have to wait for approval of initial employee maintenance data input before they can proceed to the additional four screens needed for new employees. All this information used to be entered on one form for approval at one time versus step-by-step processing. Waiting for the approvals before proceeding to the next action is taking longer to complete all that is needed for new employees because approvals are being processed a couple of days before deadline and then everything else has to be done in a rush; this includes the deduction process also since they cannot be entered until initial employee maintenance data is approved. Although the actual processing of a payroll requisition was done away with and has freed up some time because of SAM II-HR, other areas (deductions and employee maintenance) increased in processing time.
- We have to do a lot more entry and approval when setting up new employees.
- There are many manual processes required due to lack of automation.
- SAM II leave balance tracking appears to be inaccurate and requires that we continue to maintain our in-house manual tracking and reconciliation, resulting in having to go into SAM II and adjust employee's records on a routine basis.
- Necessary training sufficient to permit a person to input the data has increased and the sophistication with which the staff has to handle the system has increased the difficulty in recruitment and retention. The benefits received with "post" work payroll actions have been eroded with problems with the difficulty of the system. The learning curve on the system is enormous in facilities with multiple shifts, days off, variable shifts, rotating shifts, etc. It is not a big problem in office operations but the facility based services is where the problems are located. The



automatic nature of the payroll has caused several problems which have resulted in payroll errors and it is difficult to adjust payroll without causing delays to employees' pay, (e.g. overpayments and repayments).

- Codes are not intuitive, and entry has to be exact or the data is not accepted.
- The amount of time required to extract data from the data warehouse has increased overall processing time.

**D. On a scale of 1 to 10 with 10 being the best, what is your overall level of satisfaction with SAM II-HR?**

As indicated in the following table, a wide range of ratings was reported in response to this question. We calculated the average rating to be 6.14. While some respondents reported positive comments relating to specific SAM II-HR features, other respondents were critical of the same features.

Satisfaction Rating	Number of Responses	Percentage of Responses
2.0	1	3%
3.0	1	3%
4.0	4	11%
4.5	2	5%
5.0	7	19%
6.0	3	8%
7.0	9	24%
8.0	8	22%
8.5	2	5%

The following comments indicate that some users are progressing well with the SAM II-HR system and others are struggling. The rating provided by the respondent is shown at the end of each comment.

- The SAM II-HR system works well and we have very few payroll problems. The timekeeping function is the most time consuming as we do manual entry of leave. (Rating - 8.0)
- SAM II-HR is a definite improvement over the previous payroll system. However, the agency's personnel officer rated this system at a 5 because of the standard hours issues and because processing time has increased. The personnel officer would like to go to a two week pay cycle to avoid the complicated standard hours issues. (Rating - 8.0)
- SAM II-HR combines several functions that were previously processed in several different systems. By virtue of a centralized system, significant

efficiencies have been realized. Previously, our department used multiple personnel, payroll, accounting, leave balance, and compensatory time tracking systems to manage our human resources functions. Although there are various improvements that can/should be made to SAM II-HR, it is an improvement. (Rating - 7.0)

- SAM II-HR is a very complex system and we now have access to significant amounts of data. The problem is running reports from the data warehouse because we have not been trained well enough to be confident in our end results. (Rating - 7.0)
- Standardized reports should be established and maintained to provide monthly leave balances, pay increases/reductions for a certain time period, and other monthly reconciliation reports used by all agencies. (Rating - 6.0)
- The system cannot meet every agency's needs. The reporting structure is less than desirable. (Rating - 5.0)
- The system does not accommodate employees on a 28-day Fair Labor Standards Act cycle very well so we maintain a separate automated time reporting system for those employees. (Rating - 5.0)
- We could use more standardized reports. Non-standard reports need to be easier to get out of SAM II-HR without being an expert on database queries. OA and agencies need to share developed reports so each agency does not have to re-invent the wheel. (Rating - 4.5)
- The code-driven nature of the system is not user-friendly. It is difficult to find information in the system because you have to know the names and codes of the windows. When the appropriate window is found, the user still has to do code-find feature to find out what the codes on the windows mean. This is both frustrating and time-consuming for the user. The inability to generate reports directly from SAM II-HR creates potential for inaccurate reporting and requires additional expense to develop and maintain a separate data mart. The inability to see actual salary rates and job titles directly on the Employee Status Maintenance Table (ESMT) creates opportunity for errors in processing and requires additional staff time to verify accuracy of data. Also, hard-prints of the windows are useless as an audit trail because the reader must know the codes to understand what transaction took place. There is a lack of thorough, user-friendly audit trail in SAM II-HR providing clear documentation as to what users made changes to the system. When the system goes down to process payroll, there is no access to on-line data. Our old payroll system allowed continuous use even during payroll processing. These downtimes are both inconvenient and time-consuming as users are required to

research hard-copy files or generate information from the data mart to obtain necessary employee information. Inability to readily determine what changes on ESMT transactions have occurred (i.e., must compare fields on ESMT suspense transactions with current ESMT fields) leads to greater opportunity for errors in transactions and also makes it more difficult to build appropriate interfaces to feed changes in employee information to other systems. (Rating - 4.5)

- The biggest problems with SAM II-HR are caused by the 86.7 standard pay period hours. Our time clock system is becoming outdated and the agency will have to decide to update it or use SAM II-HR. We could use SAM II-HR if there were two week pay periods instead of semi-monthly pay periods. (Rating - 4.0)
- The semi-monthly pay cycle is incompatible with the SAM II-HR standard operating system resulting in inconsistencies in pay calculations. The difference in standard vs. actual hours in a pay period has forced us to manipulate our own leave of absence without pay policy. Benefit deduction entries are more complicated than under the previous payroll system. We use the SAM II-HR data warehouse infrequently and as a last resort when running reports. We are able to gather information from our internal system. It is probably a lack of experience in using the data warehouse that makes using it frustrating, but it seems like it is very difficult to pull the information out of the data warehouse. On a positive note, there is a wealth of information readily available through SAM II-HR, and it is easy to access most information utilizing the SAM II-HR desktop screens. (Rating - 4.0)
- The SAM II-HR system has created more work for employees and generates more paper. Under the prior system, we had one employee taking care of payroll and had no problems in the 17 years I have been involved in the personnel process. We now have 4 employees who routinely are involved with processing SAM II-HR payroll and human resources transactions. Under this system, I personally spend approximately 6 hours per week on SAM II-HR payroll processing. Under the prior system, I spent no time on payroll processing – it was all handled by a subordinate. SAM II-HR has also generated more paperwork for our field employees. Field employees create time sheets which are faxed to supervisors and then to general headquarters. This generates a mound of paper (a stack approximately 12 inches thick for each pay period). The cost for the extra paper generated and the long distance fax charges are not saving the state any money. SAM II-HR was supposedly implemented to keep accurate leave accumulation and use records for employees. It has not done so. We continuously have to reconcile our employees' leave amounts and enter corrections into SAM II-HR. Usually within one pay period, these totals do not reconcile with our records. The

SAM II-HR computer program is not user friendly. It is very complicated and requires knowledge of numerous entry codes. (Rating - 3.0)

**WE RECOMMEND** the Office of Administration work with state agencies to determine the validity and significance of these concerns and develop appropriate cost-effective solutions.

**AUDITEE'S RESPONSE**

*During implementation of the SAM II HR system, the SAM II Steering Committee (which was comprised of executive managers from all state agencies) actively participated in decisions regarding the design and configuration of the system and related statewide policies and procedures. Since implementation of the SAM II system, the OA has been communicating and seeking input from state agencies through the Financial Management Advisory Committee, the State Human Resources Management Council, and the SAM II Data Warehouse Users Group. We have implemented recommendations from state agencies when feasible and when resources are available to do so. Some of the recommendations expressed in the agency responses are contingent upon upgrading the SAM II HR system and converting to bi-weekly pay.*

## APPENDIX

## Appendix

### STATE OF MISSOURI COMPARATIVE SCHEDULE OF TAXABLE WAGES BY DEPARTMENT YEAR ENDED DECEMBER 31, 2002

Department	Number of Forms W-2	Total Taxable Wages
Elected Officials	2,042	\$ 51,973,414
Judiciary	4,778	138,204,673
Office of Administration	1,173	32,624,463
Department of:		
Agriculture	1,358	11,824,575
Conservation	2,374	55,924,853
Corrections	13,224	285,107,133
Economic Development	1,695	42,454,344
Elementary and Secondary Education	2,933	61,599,555
Health and Senior Services	2,317	64,514,818
Higher Education	91	2,972,760
Insurance	235	8,660,813
Labor and Industrial Relations	1,249	36,518,550
Mental Health	13,293	254,050,029
Natural Resources	2,729	59,138,709
Public Safety	5,985	129,720,021
Revenue	2,690	55,654,258
Social Services	10,825	243,794,305
Transportation	8,014	218,616,471
Totals	<u>77,005</u>	<u>\$ 1,753,353,744</u>